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1948 GUM NAVAL STORES

Support level:

90% of 2/1/48 parity.

Rates:

\$131.58 for the production unit (50 gallons of turpentine and 1,400 lbs. of rosin).

Type of Operation:

Non-mandatory.

Loans to producers through The American Turpentine Farmers Association Cooperative, Valdosta, Georgia.

Period of Operation:

Loans available 4/1/48 - 12/31/48.

Loans mature 4/1/49 or earlier on demand; bear interest at 3% per annum.

Area of Operations:

Georgia, Florida, Alabama, Mississippi, South Carolina and Louisiana.

Eligibility:

To be eligible for loan, turpentine, rosin and the turpentine and rosin content of oleoresin must (1) have been produced in 1948 by an eligible producer, (2) be free from all liens and encumbrances, (3) be tendered for loan on or before December 31, 1948, and (4) not have been previously pledged for loan. Eligible turpentine must (1) meet prescribed specifications, and (2) be stored in approved bulk tanks. Eligible rosin must be (1) Federally inspected, graded "G" or better, and weighed, (2) packed in standard metal drums, and (3) placed in approved storage.

Eligible producers must (1) cooperate in the 1948 Gum Naval Stores Conservation Program or otherwise follow good conservation practices, (2) be members of the American Turpentine Farmers Association Cooperative, Valdosta, Georgia, and (3) execute a Producer's Marketing Agreement (ATFA Form 1-1948).

Service fees:

None

Procedure Operations:

CCC makes a loan to the Association. The loan so made includes, in addition to the amount of the loans made by the Association to producers, administrative and operating expenses incurred by the Association in making such loans available and renewal storage charges on naval stores pledged.

Producers obtaining a loan must execute an agreement with the Association containing the terms and conditions upon which the loan is made and containing a certificate of compliance with all requirements of eligibility for loan. The Association enters into agreements with warehousemen approved by CCC; such agreements are assigned to CCC. Producers are required to place eligible naval stores in collateral position with

1948 GUM NAVAL STORES (Concluded)

Procedure Operations (Cont'd)

approved warehousemen. Payment to the producer of the amount of the loan is effected by application to CCC, through the Association. This request for payment of loan proceeds is substantiated by appropriate storage, certification and payment documents. After certification by the Association, the loan papers are transmitted by the Association to the Atlanta FMA Commodity Office which, after audit, transmits the necessary information to the Atlanta Federal Reserve Bank, directing it to make payment to the producer or his designee. Storage charges on collateral are certified by the Atlanta FMA Commodity Office for payment by the Federal Reserve Bank on the basis of vouchers submitted through the Association by warehousemen, itemizing and certifying the charges to be paid.

The Association is reimbursed for proper expenses incurred in the administration of the loan on the basis of monthly expense statements accompanied and supported by certified vouchers. These statements are subject to administrative approval by the Naval Stores Division and to audit by the Atlanta Office.

The Association may redeem, on behalf of producers at any time prior to maturity, pledged naval stores by payment of the amount loaned by CCC, plus the amount of accrued, but unpaid, charges, plus interest at 3% per annum.

Problems:

1. Revision of loan rates on turpentine and rosin (within the framework of the fixed per unit loan value) necessitated by (a) the inability of gum turpentine to meet competition of the wood turpentine and of turpentine substitutes at initial support rate levels, and (b) the inadequacy of turpentine storage facilities.
2. Revision of sales procedure for turpentine and rosin to conform to current developments and existing procedures and policies of Commodity Credit Corporation.

